

**Material from Congresswoman Doris O. Matsui's  
Clean Technology Presentation**

**Information on programs offered by the  
U.S. Department of Energy & the  
U.S. Department of Commerce**



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**Important Dates and Links**

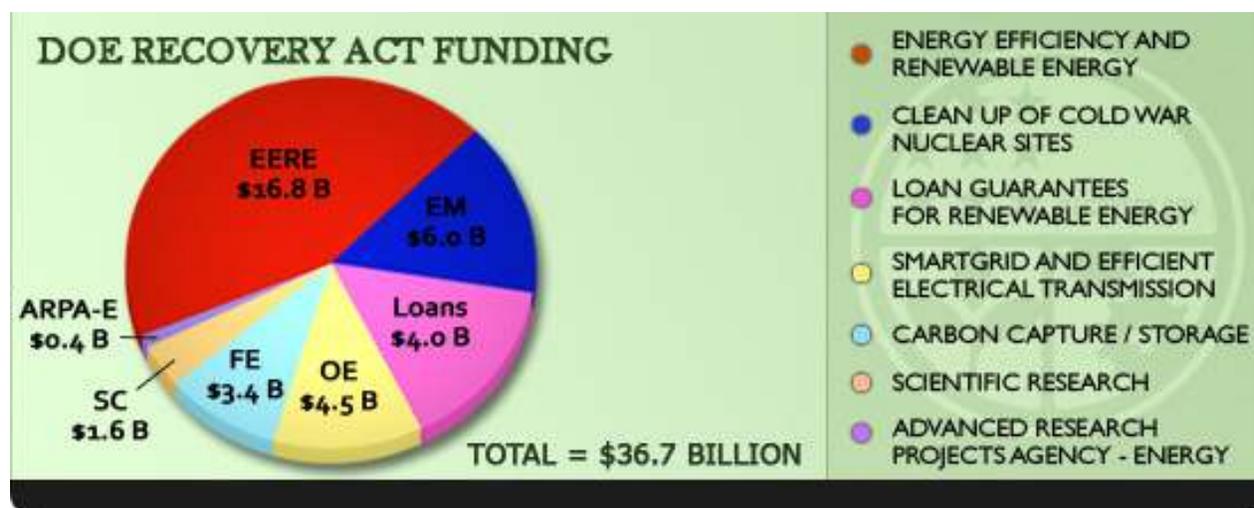
- July 10, 2010 – Comments on the National Export Initiative due to the Department of Commerce
- August 24, 2010 – Applications due for Part 1 of Department of Energy Loan Guarantee Program
- Department of Energy’s Energy Efficiency and Renewable Energy Financial Assistance Website: <http://www1.eere.energy.gov/financing/business.html>
- Department of Energy Recovery Act Funding Opportunities Website: <http://www.energy.gov/recovery/funding.htm>
- Grants.gov Email Update Sign Up: <http://www.grants.gov/search/subscribeAdvanced.do>
- National Export Initiative’s Renewable Energy and Energy Efficiency Export Strategy Federal Registry Notice: <http://www.gpo.gov/fdsys/pkg/FR-2010-05-28/pdf/2010-12982.pdf>

## U.S Department of Energy Recovery Act Funding

The American Recovery and Reinvestment Act of 2009 (Recovery Act) was signed into law by President Obama on February 17th, 2009. The Department of Energy (DOE) was allocated more than \$36 billion and this funding has served as a down payment on our clean energy future. The goal of the DOE funding was to:

- Move the money out the door quickly to support job creation and economic revitalization
- Use competitive review to select worthy projects
- Create clear accountability and unprecedented transparency
- Make a meaningful down payment on the nation's energy and environmental future

A breakdown of the energy funding is included below:



Source: U.S. Department of Energy

The Sacramento Region has been successful in securing over \$255 million in clean energy related ARRA funding.<sup>1</sup> In addition, companies and agencies have leveraged these federal funds with private, local and state sources garnering an additional clean energy funding.

### Links:

- <http://www.recovery.gov>
- <http://www.energy.gov/recovery/>
- <http://www.energy.ca.gov/recovery/>

<sup>1</sup> Source:

<http://maps.google.com/maps/ms?ie=UTF8&hl=en&oe=UTF8&msa=0&msid=117669966725753948124.000465048deac6ad8461b&ll>

## • United States Department of Energy Loan Guarantee Program

The U.S. Department of Energy's Loan Guarantee Program paves the way for federal support of clean energy projects that use innovative technologies, and spurs further investment in these advanced technologies.<sup>2</sup>

The goal of program is to issue loan guarantees to eligible projects that:

- Avoid, reduce or sequester anthropogenic emissions of greenhouse gases or air pollutants
- Employ new or significantly improved technologies as compared to commercial technologies already in service in the United States at the time the guarantee is issued
- Can be deployed commercially while being beyond the research and development, pilot and demonstration stages
- Provide a reasonable prospect for repayment

### **Program specifics**

There are two sections of the Loan Guarantee Program that were discussed on June 2<sup>nd</sup>, Section 1703 and Section 1705.

Section 1703 of the Loan Guarantee Program:

- Supports innovative clean technologies unable to obtain conventional private financing due to high technology risks
  - Technologies with more than 3 implementations that have been active for more than 5 years are excluded
  - Technologies considered include: Biomass, Hydrogen, Solar, Wind/Hydropower, Nuclear, Advanced Fossil Energy Coal, Carbon Sequestration Practices/Technologies, Electricity Delivery and Energy Reliability, Alternative Fuel Vehicles, Industrial Energy Efficiency Projects, and Pollution Control Equipment
  - Borrowers pay a Credit Subsidy Cost (the amount that DOE must reserve to cover estimated losses to the portfolio of loans)

Section 1705 of the Loan Guarantee Program:

- Supports primarily commercial energy projects in renewable energy, transmission, and leading edge biofuels that will begin construction prior to September 30, 2011
  - Energy sectors include: Biomass, Hydrogen, Solar, Wind/Hydropower, Geothermal, Transmission, or any other renewable energy systems
- Credit Subsidy Cost (CSC) is paid by DOE

### **Types of Projects Eligible for a Federal Loan Guarantee:**

1. Renewable energy systems
2. Advanced fossil energy technology, including coal gasification meeting certain statutory requirements
3. Hydrogen fuel cell technology for residential, industrial, or transportation applications
4. Advanced nuclear energy facilities

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<sup>2</sup> Source: <http://www.lgprogram.energy.gov/>

5. Carbon capture and sequestration practices and technologies, including agricultural and forestry practices that store and sequester carbon
6. Efficient electrical generation, transmission, and distribution technologies
7. Efficient end-use energy technologies
8. Production facilities for fuel efficient vehicles, including hybrid and advanced diesel vehicles
9. Pollution control equipment
10. Refineries, meaning facilities at which crude oil is refined into gasoline

The key criteria for qualified advanced technology vehicles or qualified components include:

- Manufacturing facilities to be located in the U.S.
- Engineering integration to be performed in the U.S.
- Costs will be reasonably related to the reequipping, expanding, or establishing a manufacturing facility in the U.S.

### **Financial parameters for each project application:**

- The Secretary must determine that there is a “reasonable prospect” of repayment before a loan guarantee is issued
- A guarantee shall not exceed 80 percent of total project costs
- In the event of default, the Secretary will have a superior lien on all project assets, pledged as collateral
- The Secretary must charge and collect fees sufficient to cover applicable administrative expenses
- The borrower will pay at the time of closing a “credit subsidy” for the cost associated with a default on its obligation
- Applicants may apply for a 100% guarantee of the debt instrument from DOE funded by the Federal Financing Bank (FFB)
- Guarantees for less than 100% of the loan amount must be funded by an eligible lender other than the FFB (e.g., a private lender)
- The guaranteed portion of a loan may be “stripped” from the non-guaranteed portion, except in cases where the guarantee exceeds 90% of the loan amount
- Projects must be sited in the U.S. or its territories, but may have foreign investors or project sponsors. Technology may have previously been deployed overseas

For those interested in applying for the Loan Guarantee program please visit the Frequently Asked Question’s portion of the Department of Energy’s website (see link below).<sup>3</sup> Part 1 submission due date is **August 24, 2010**. Please note that projects must commence construction no later than September 30, 2011.

### **U. S. Department of Treasury - 1603 Program**

For those who may not qualify for the DOE Loan Guarantee Program, you may wish to explore a cash grant program through the Department of Treasury. Section 1603 of the American Recovery and Reinvestment Act of 2009 authorizes the United States Department of the Treasury to make

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<sup>3</sup> Source: <http://www.lgprogram.energy.gov/sol-faq.html>

## Federal Program Information

payments to persons who place in service specified energy property provided certain conditions are met.

The purpose of the payment is to reimburse eligible applicants for a portion of the expense of such property. Eligible property under this program includes only property used in a trade or business, or held for the production of income. Non-business energy property described in section 25C of the Internal Revenue Code (IRC) and residential energy efficient property described in section 25D of the IRC do not qualify for payments under this program, but may qualify for tax credits under those provisions.

It is expected that the Section 1603 program will temporarily fill the gap created by the diminished investor demand for tax credits. In this way, the near term goal of creating and retaining jobs is achieved, as well as the long-term benefit of expanding the use of clean and renewable energy and decreasing our dependency on non-renewable energy sources.

You can find more information about the Section 1603 program on the Department of Treasury website (see link below).<sup>4</sup>

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<sup>4</sup> Source: <http://www.ustreas.gov/recovery/1603.shtml>

## **National Export Initiative**

In his 2010 State of the Union address, President Barack Obama announced a goal of doubling U.S. exports over the next five years to support two million new jobs in the United States. The President also outlined a National Export Initiative (NEI) that is intended to grow U.S. exports by providing more funding, more focus, and more coordination for federal export promotion activities.<sup>5</sup> The NEI creates an Export Promotion Cabinet consisting of principals from key agencies involved in export promotion (including Ex-Im Bank, Department of Commerce, Department of State, Department of the Treasury, Office of the U.S. Trade Representative, Small Business Administration, and U.S. Department of Agriculture). The Export Promotion Cabinet coordinates with the Trade Promotion Coordinating Committee.

The NEI will focus on three areas:

- Increased trade promotion, export assistance and advocacy
- Increased access to export credit for Small and Medium-Sized Enterprises
- Remove trade barriers, expand market access, and enforce trade laws

### **Renewable Energy and Energy Efficiency Export Strategy**

Under the NEI, the President established an Export Promotion Cabinet, reestablished the President's Export Council and mandated that federal agencies increase their efforts to support exporters and open up new markets. The Interagency Working Group on Renewable Energy and Energy Efficiency, which was launched by the Department of Commerce and is co-chaired by the Department of Energy, has agreed to draft a national strategy to help double U.S. exports in those two key sectors. In addition to an in-depth look at the competitiveness of these two U.S. sectors around the world, the report will contain a list of commitments by various agencies relating of course to these sectors.

The Federal Register notice requesting public input on the strategy was recently published (see link below).<sup>6</sup> To provide input to the TPCC Renewable Energy and Energy Efficiency Working Group, please send comments by e-mail or fax to the attention of Julius Svoboda, Office of Energy & Environmental Industries, International Trade Administration, U.S. Department of Commerce, 1401 Constitution Ave., NW., Room 4053, Washington, DC 20230; 202-482-4152; e-mail [nenenergy@trade.gov](mailto:nenenergy@trade.gov) or by fax 202-482-5665. Comments must be received before July 11<sup>th</sup>.

The Interagency Working Group on Renewable Energy and Energy Efficiency was launched in January to improve interagency coordination of export promotion activities within these sectors. Furthermore, Secretary Locke has just established a Renewable Energy and Energy Efficiency Industry Advisory Committee for industry to advise the Department of Commerce directly on pressing trade promotion and policy issues.

#### **Links:**

- <http://www.export.gov/>
- <http://www.trade.gov/cs/>

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<sup>5</sup> Source: <http://www.export.gov/nei/index.asp>

<sup>6</sup> Source: <http://www.gpo.gov/fdsys/pkg/FR-2010-05-28/pdf/2010-12982.pdf>

### U.S. Commercial Service

Much of the hands on work of increasing American exports as part of the National Export Initiative will be carried out by the U.S. Commercial Service, which is the trade promotion arm of the U.S. Department of Commerce's International Trade Administration.<sup>7</sup>

U.S. Commercial Service trade professionals are located in over 100 U.S. cities, including Sacramento, and in nearly 80 countries. These trained professionals help U.S. companies get started in exporting or increase sales to new global markets.

U.S. Commercial Service services include:

- Market intelligence to help U.S. exporters target the right market(s) for their products and services
- Trade counseling to provide them with the information they need to navigate the export process from beginning to end
- Business matchmaking services to connect them with the right partners and prospects.
- Trade advocacy for U.S. companies to level the international playing field for international procurement

### U.S. Commercial Service Contact:

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(916) 566-7170  
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<sup>7</sup> Source: <http://www.trade.gov/cs/services.asp>

## **The Export-Import Bank of the United States**

The Export-Import Bank (Ex-Im Bank) is the chief U.S. government agency that helps finance American exports of manufactured goods and services with the objective of contributing to the employment of U.S. workers.<sup>8</sup> Ex-Im Bank provides loan guarantees and insurance to commercial banks to make trade credits available to U.S. exporters. The Bank also offers direct financing to U.S. exporters, primarily to counter subsidized trade credits offered to foreign exporters by their governments.

Ex-Im Bank is one of twenty federal government agencies that are a part of the U.S. Trade Promotion Coordinating Committee (TPCC), an interagency committee created by the Export Enhancement Act of 1992. The TPCC is chaired by the Department of Commerce to coordinate and to set priorities for the federal agencies involved in export promotion.

Since being established in 1934, the Ex-Im Bank has supported over \$456 billion in exports. Their programs include Direct Loans, Guarantees, Export Credit Insurance, Working Capital Guarantees and more. All companies, large and small are encouraged to work with the Ex-Im Bank, as there is no maximum nor minimum project size required to receive their assistance. A few of their programs are highlighted below.

### **Environmental Exports Program:**

- Support for environmentally-beneficial exports is mandated in Ex-Im Bank's charter
- Environmental Exports Program consists of pro-active business development and enhancements to existing Ex-Im Bank programs
- Environmental projects are offered enhancements by the Ex-Im Bank:
  - Maximum OECD repayment term for Long-Term Loans and Guarantees of 10-15 years after project completion
  - Repayment terms of 18-years for renewable energy and water treatment projects.
  - Capitalization of interest during construction
  - Up to 30% local cost support within the U.S. scope of supply
  - 2009 Results: Financings Authorized to support approximately \$640M of U.S. exports of environmentally beneficial goods and services

### **Export Credit Insurance Program:**

- Enables U.S. exporters to offer short- and medium-term credit directly to their customers
- Export credit is an attractive substitute to cash-in-advance, letters of credit and costly local bank financing
- Supports repayment terms up to 180 days beginning from date of importation of the goods; capital goods terms of 360 days to 7 years

### **Loan & Guarantee Program:**

- Guaranteed Loans are made by commercial banks (U.S. or foreign) to a foreign buyer with a 100% unconditional repayment guarantee from Ex-Im Bank
  - Guarantee covers up to 85% of the U.S. content of the transaction

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<sup>8</sup> Source: <http://www.exim.gov/>

- Negotiated interest rates, usually a floating rate based on spread over 6-month U.S. dollar LIBOR rate

### **Working Capital Guarantee Program:**

- Ex-Im Bank provides 90-100% repayment guarantee for working capital loans, revolving or transaction based, made by commercial lenders to small businesses to finance export sales
- The Working Capital Guarantee serves as the collateral to the commercial lender by mitigating the risk inherent when the source of repayment for the loan is an overseas contract
- Enables exporters to finance materials, labor, and overhead to produce goods/services for export
- Enables exporters to cover standby letters of credit for bid and performance bonds, or payment guarantees
- Enables the exporters to finance foreign sales receivables
- Most Working Capital Guarantees provided by Delegated Authority Lenders (see [www.exim.gov](http://www.exim.gov) for a list) without prior Ex-Im Bank approval

### **U.S. Export-Import Bank Contact:**

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